

ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2017**

(ORIGINALLY ISSUED IN TURKISH)

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH
ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2017**

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CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
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 ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS AS OF 30 SEPTEMBER 2017,
 31 DECEMBER 2016 AND 31 DECEMBER 2015
 (Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

ASSETS	Notes	Condensed Unaudited Current Period 30 September 2017	Restated (*) Audited Previous Period 31 December 2016	Restated (*) Audited Previous Period 31 December 2015
Current Assets		5.171.649.519	3.625.566.950	3.502.467.263
Cash and Cash Equivalents	5	3.544.279.670	2.268.604.108	1.354.697.874
Financial Investments	6	648.926	754.935	704.437
Trade Receivables				
- Due From Related Parties	8-21	691.455.617	586.367.653	560.216.232
- Other Trade Receivables	8	197.678.383	177.628.090	195.467.260
Other Receivables				
- Due From Related Parties	9-21	-	4.535.293	807.438.501
- Other Receivables	9	30.740.993	20.190.356	36.142.643
Inventories	10	480.725.425	392.730.342	331.183.102
Prepaid Expenses				
- Due to Related Parties	21	122.217.736	78.046.637	116.813.193
- Other Prepaid Expenses		63.685.190	37.498.281	53.568.367
Corporate Income Tax Assets		313.176	11.063.641	825.280
Other Current Assets		39.904.403	48.147.614	45.410.374
Non-Current Assets		2.226.759.305	2.053.428.591	1.741.059.947
Financial Investments	6	943.810.506	928.800.295	765.334.184
Other Receivables				
- Other Receivables	9	181.300	185.292	176.911
Investment Properties	11	14.571.415	14.587.592	12.904.161
Property, Plant and Equipment	12	1.127.044.980	1.050.639.625	904.816.223
Intangible Assets	13	2.392.311	1.740.109	1.946.354
Prepaid Expenses		89.385.787	14.160.059	28.562.343
Deferred Tax Assets	19	49.373.006	43.315.619	27.271.681
Other Non-Current Assets		-	-	48.090
TOTAL ASSETS		7.398.408.824	5.678.995.541	5.243.527.210

(*) Restatement effects have been explained in Note 2.

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		Condensed Unaudited Current Period 30 September 2017	Restated (*) Audited Previous Period 31 December 2016	Restated (*) Audited Previous Period 31 December 2015
LIABILITIES	Notes			
Current Liabilities		3.592.155.819	3.181.139.103	1.874.047.456
Short Term Financial Liabilities	7	759.314.499	544.791.623	1.011.718.472
Short-Term Portion of Long-Term Financial Liabilities	7	1.915.532.668	1.815.575.753	27.836.991
Trade Payables				
- Due to Related Parties	8-21	292.929.663	341.344.634	315.390.068
- Other Trade Payables	8	401.494.840	305.133.387	286.318.235
Employee Benefit Related Liabilities		31.859.758	31.381.281	27.927.868
Other Payables				
- Due to Related Parties	9-21	-	-	86.239.625
- Other Payables	9	5.699.644	8.431.010	4.682.471
Derivatives		12.108.781	-	-
Deferred Income		35.604.589	48.439.307	39.964.444
Current Income Tax Liabilities	19	22.827.300	14.818.549	9.514.388
Short Term Provisions				
- Provisions for Employment Termination Benefits		33.735.632	32.753.813	27.503.600
- Other Short Term Provisions		65.286.699	24.095.936	24.011.257
Other Current Liabilities		15.761.746	14.373.810	12.940.037
Non-Current Liabilities		1.771.463.977	687.316.199	1.807.699.719
Long Term Financial Liabilities	7	1.642.666.944	569.609.803	1.735.335.344
Long Term Provisions				
- Provisions for Employment Termination Benefits		81.806.760	72.356.363	37.439.725
Deferred Tax Liabilities	19	46.990.273	45.350.033	34.924.650
SHAREHOLDERS' EQUITY		2.034.789.028	1.810.540.239	1.561.780.035
Equity Attributable To Equity Holders' of the Parent		1.805.860.154	1.611.122.270	1.352.057.775
Share Capital		342.000.000	342.000.000	342.000.000
Inflation Adjustments on Equity Items		108.056.201	108.056.201	108.056.201
Effect of Business Combinations Under Common Control		(185.919.037)	(198.258.482)	(218.268.442)
Other Comprehensive Income/Expense not to be Reclassified Under Profit and Loss				
- Gains and Losses from Revaluation Funds		5.231.735	5.231.735	5.231.735
- Increases on Revaluation of Plant, Property and Equipment				
- Actuarial loss on post employment termination benefit obli obligation		(18.232.334)	(16.686.755)	(430.543)
Other Comprehensive Income/Expense to be Reclassified to Profit and Loss				
- Currency Translation Adjustments		(6.469.526)	(7.165.808)	494.874
- Hedge funds		(60.325)	-	-
- Gains from Financial Assets Measured at Fair Value through				
Other Comprehensive Income		708.434.838	695.363.441	539.968.646
Restricted Reserves Appropriated from Profits		124.496.833	119.806.833	112.116.833
Retained Earnings		481.737.864	320.064.097	222.929.248
Net Profit for the Period		246.583.905	242.711.008	239.959.223
Non-Controlling Interest		228.928.874	199.417.969	209.722.260
TOTAL LIABILITIES AND EQUITY		7.398.408.824	5.678.995.541	5.243.527.210

(*)Restatement effects have been explained in Note 2.

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE INTERIM PERIODS ENDED
30 SEPTEMBER 2017 AND 2016
(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated)

	Notes	Condensed Unaudited Current Period 1 January – 30 September 2017	Condensed Unaudited Current Period 1 July – 30 September 2017	Restated (*) Condensed Unaudited Previous Period 1 January - 30 September 2016	Restated (*) Condensed Unaudited Previous Period 1 July – 30 September 2016
Revenue	15	3.358.199.178	1.012.541.676	2.879.909.809	842.026.555
Cost of Sales	15	(2.554.260.877)	(778.860.835)	(2.202.415.010)	(662.938.131)
GROSS PROFIT FROM OPERATIONS		803.938.301	233.680.841	677.494.799	179.088.424
General Administrative Expenses	16	(95.979.724)	(32.096.884)	(89.266.980)	(26.102.405)
Marketing, Selling and Distribution Expenses	16	(307.436.878)	(87.911.246)	(251.450.117)	(64.152.975)
Research and Development Expenses	16	(9.524.602)	(3.188.585)	(5.672.264)	(1.387.244)
Other Operating Income		37.844.884	10.490.243	20.930.856	5.074.273
Other Operating Expenses		(33.468.333)	(10.601.492)	(12.007.628)	(1.133.189)
OPERATING PROFIT FROM MAIN OPERATIONS		395.373.648	110.372.877	340.028.666	91.386.884
Income from Investment Activities		297.855.947	145.023.235	220.559.500	91.277.384
Expenses from Investment Activities		(21.072.135)	(3.305.094)	(105.107.501)	(23.586.341)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		672.157.460	252.091.018	455.480.665	159.077.927
Financial Income	17	22.713.034	3.704.998	133.646.545	29.329.815
Financial Expenses	18	(358.675.306)	(171.184.338)	(272.401.498)	(120.800.152)
PROFIT BEFORE TAX		336.195.188	84.611.678	316.725.712	67.607.590
Tax Expense	19	(54.327.856)	(9.994.757)	(60.835.714)	(12.209.693)
Corporate Income Tax Expense		(58.961.132)	(16.040.205)	(56.813.314)	(9.511.742)
Deferred Tax (Expense)/Income		4.633.276	6.045.448	(4.022.400)	(2.697.951)
PROFIT FOR THE PERIOD		281.867.332	74.616.921	255.889.998	55.397.897
Distribution of the Profit for the Period					
Non-Controlling Interest		35.283.427	10.895.583	21.591.717	1.090.685
Equity Holders of the Parent		246.583.905	63.721.338	234.298.281	54.307.212
Earnings Per Share	20	0,72	0,19	0,69	0,16

(*) Restatement effects have been explained in Note 2.

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED
30 SEPTEMBER 2017 AND 2016
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

	Condensed Unaudited Current Period 1 January – 30 September 2017	Condensed Unaudited Current Period 1 July – 30 September 2017	Restated(*) Condensed Unaudited Previous Period 1 January – 30 September 2017	Restated(*) Condensed Unaudited Previous Period 1 July – 30 September 2017
PROFIT FOR THE PERIOD	281.867.332	74.616.921	255.889.998	55.397.897
OTHER COMPREHENSIVE INCOME				
Other Comprehensive Income that Will Not Be Reclassified in Profit or Loss	(1.562.665)	(224.838)	(703.594)	365.969
Actuarial Loss on Post-Employment Termination Benefit Obligation	(1.953.331)	(281.047)	(879.493)	457.461
Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified in Profit or Loss				
Actuarial Loss on Post-Employment Termination Benefit Obligation, Deferred Tax Effect	390.666	56.209	175.899	(91.492)
Other Comprehensive Income That Will Be Reclassified in Profit or Loss	15.871.329	11.304.434	(7.392.665)	1.976.801
Currency Translation Adjustments	1.671.954	5.350.784	(6.766.491)	5.392.298
Change in Revaluation Funds of Financial Assets	15.010.211	5.303.009	(659.131)	(3.595.260)
Hedge funds	(75.406)	1.144.740	-	-
Taxes Relating to Components of Other Comprehensive Income That Will be Reclassified in Profit or Loss	(735.430)	(494.099)	32.957	179.763
Other Comprehensive Income Related with Financial Assets Measured at Fair Value through Other Comprehensive Income and Hedge Funds, Deferred Tax Effect	(735.430)	(494.099)	32.957	179.763
OTHER COMPREHENSIVE INCOME/(EXPENSE)	14.308.664	11.079.596	(8.096.259)	2.342.770
TOTAL COMPREHENSIVE INCOME	296.175.996	85.696.517	247.793.739	57.740.667
Distribution of Total Comprehensive Income				
Non-Controlling Interest	37.430.316	12.923.339	18.169.820	4.436.469
Equity Holders of the Parent	258.745.680	72.773.178	229.623.919	53.304.198

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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2017 AND 2016

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

	Accumulated Other Comprehensive Income to Be Reclassified in Profit or Loss		Other Comprehensive Income Not to Be Reclassified in Profit or Loss		Accumulated Profit								
	Share Capital	Inflation Adjustments to Share Capital	Effect of Business Combinations Under Common Control	Financial Assets Measured at Fair Value	Currency Translation Adjustments	Revaluation of Plant, Property and Equipment	Actuarial Loss on Post-Employment Termination Benefit Obligation	Restricted Reserves Appropriated from Profits	Net Profit for the Period	Retained Earnings	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interest	Total
As of 1 January 2016													
(Previously reported)	342.000.000	108.056.201	(161.872.759)	539.968.646	1.080.204	5.231.735	(430.543)	112.116.833	292.129.375	160.377.409	1.398.657.101	209.722.260	1.608.379.361
Restatement effect	-	-	-	-	-	-	-	-	-	62.551.839	62.551.839	-	62.551.839
Transactions under common control	-	-	(56.395.683)	-	(585.330)	-	-	-	(52.170.152)	-	(109.151.165)	-	(109.151.165)
As of 1 January 2016													
(Restated)	342.000.000	108.056.201	(218.268.442)	539.968.646	494.874	5.231.735	(430.543)	112.116.833	239.959.223	222.929.248	1.352.057.775	209.722.260	1.561.780.035
Total comprehensive income	-	-	-	(574.014)	(3.431.570)	-	(668.778)	-	234.298.281	-	229.623.919	18.169.820	247.793.739
Dividend paid (*)	-	-	(14.000.000)	-	-	-	-	-	-	(94.000.000)	(108.000.000)	(6.825.333)	(114.825.333)
Gain on sale of real estate	-	-	-	-	-	-	-	-	-	180.092	180.092	63.526	243.618
Transfers	-	-	34.009.960	-	-	-	-	7.690.000	(239.959.223)	198.259.263	-	-	-
As of 30 September 2016	342.000.000	108.056.201	(198.258.482)	539.394.632	(2.936.696)	5.231.735	(1.099.321)	119.806.833	234.298.281	327.368.603	1.473.861.786	221.130.273	1.694.992.059

(*) At the General Assembly Meeting for the year of 2015 held on 24 March 2016, it has been resolved to distribute TL 94.000.000 as cash and fully funded by the profit for the year and started to be distributed as of April 5th 2016.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2017 AND 2016

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

															Accumulated Other Comprehensive Income to Be Reclassified in Profit or Loss	Other Comprehensive Income Not to Be Reclassified in Profit or Loss	Accumulated Profit		
	Share Capital	Inflation Adjustments to Share Capital	Effect of Business Combinations Under Common Control	Financial Assets Measured at Fair Value	Currency Translation Adjustments	Hedge Funds	Revaluation of Plant, Property and Equipment	Actuarial Loss on Post-Employment Termination Benefit Obligation	Restricted Reserves Appropriated from Profits	Net Profit for the Period	Retained Earnings	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interest	Total					
As of 1 January 2017																			
(Previously reported)	342.000.000	108.056.201	(141.862.799)	695.363.441	3.215.880	-	5.231.735	(16.686.755)	119.806.833	230.371.563	303.710.250	1.649.206.349	205.390.129	1.854.596.478					
Restatement effect	-	-	-	-	-	-	-	-	-	-	16.353.847	16.353.847	(5.972.160)	10.381.687					
Transactions under common control	-	-	(56.395.683)	-	(10.381.688)	-	-	-	-	12.339.445	-	(54.437.926)	-	(54.437.926)					
As of 1 January 2017																			
(Restated)	342.000.000	108.056.201	(198.258.482)	695.363.441	(7.165.808)	-	5.231.735	(16.686.755)	119.806.833	242.711.008	320.064.097	1.611.122.270	199.417.969	1.810.540.239					
Total comprehensive income	-	-	-	13.071.397	696.282	(60.325)	-	(1.545.579)	-	246.583.905	-	258.745.680	37.430.316	296.175.996					
Dividend paid (*)	-	-	-	-	-	-	-	-	-	-	(64.000.000)	(64.000.000)	(7.916.658)	(71.916.658)					
Gain on sale of real estate	-	-	-	-	-	-	-	-	-	-	(7.796)	(7.796)	(2.753)	(10.549)					
Transfers	-	-	12.339.445	-	-	-	-	-	4.690.000	(242.711.008)	225.681.563	-	-	-					
As of 30 September 2017	342.000.000	108.056.201	(185.919.037)	708.434.838	(6.469.526)	(60.325)	5.231.735	(18.232.334)	124.496.833	246.583.905	481.737.864	1.805.860.154	228.928.874	2.034.789.028					

(*) At the General Assembly Meeting for the year of 2016 held on 31 March 2017, it has been resolved to distribute TL 64.000.000 as cash and fully funded by the profit for the year and started to be distribute as of 12 April 2017.

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30 SEPTEMBER 2017 AND 2016
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		Condensed Unaudited Current Period 1 January- 30 September 2017	Restated Condensed Unaudited Previous Period 1 January- 30 September 2016
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		281.867.332	255.889.998
Adjustments to Reconcile Net Profit to Net Cash Provided by Operating Activities			
Adjustments for Depreciation and Amortisation Expense			
Depreciation expenses of tangible assets	11-12	76.978.708	62.180.156
Amortization expenses of intangible assets	13	576.556	665.340
Adjustments for Impairment Loss			
Provision for doubtful receivables		-	536.083
Adjustments for Impairment Loss of Other Financial Assets or Investments			
Impairment loss of financial investments		106.009	74.875
Adjustments for impairment loss of inventories	10	1.951.768	3.318.004
Adjustment for Provisions			
Adjustments for (Reversal of) Provisions Related with Employee Benefits			
Provision for employment benefits		17.318.321	21.073.904
Provision for unused vacation rights		10.427.390	9.180.959
Performance premium provision		12.525.897	10.444.553
Adjustments for Lawsuit Provisions		494.485	1.253.270
Adjustments for (Reversal of) Other Provisions			
Reversal of provision for sales return		-	(4.007.038)
Change in other provisions (net)		40.696.278	13.693.242
Adjustments for Dividend Income		(539.289)	(384.081)
Adjustments for Interest (Income)/Expenses			
Adjustments for Interest Income			
Discount income (net)		(4.558.462)	(2.893.976)
Interest income		(91.953.451)	(56.870.896)
Adjustments for Interest Expenses		135.801.341	56.109.428
Adjustments for Tax Expenses	19	54.327.856	60.835.714
Adjustments for Losses (Gains) on Disposals of Non-Current Assets			
Adjustments for gains arised from sale of tangible assets (net)		(253.360)	(488.214)
Other Adjustments for which Cash Effects are Investing or Financing Cash Flow			
Change in foreign currency of financial liabilities (net)	17-18	195.291.573	80.987.001
Change in foreign currency from investing activities (net)		(178.074.574)	(52.705.172)
Commission expenses and finance service income (net)		9.952.334	1.658.524
Income from derivative instruments		(5.082.976)	-
Other adjustments to reconcile profit (loss)			
Rent income		(5.963.138)	(5.722.530)
Net Operating cash flows provided before changes in working capital		551.890.598	454.829.144

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30 SEPTEMBER 2017 AND 2016
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		Condensed Unaudited Current Period 1 January- 30 September 2017	Restated Condensed Unaudited Previous Period 1 January- 30 September 2016
	Notes		
Changes in Working Capital			
Increase/decrease in trade receivables		(19.571.632)	47.820.350
Increase in trade receivables from related parties		(100.872.720)	(50.957.507)
Increase in inventories		(90.209.033)	(639.995)
Increase/decrease in other receivables and other current assets		(72.661.442)	48.180.720
Increase/decrease in trade payables		97.796.446	(117.586.183)
Decrease in trade payables to related parties		(50.033.269)	(59.956.576)
Decrease in other payables and liabilities		(11.043.818)	(11.129.791)
Net cash generated from operations		305.295.130	310.560.162
Payments Related with Provisions for Employee Benefits			
Employment termination benefit paid		(10.115.235)	(17.233.417)
Unused vacation rights paid		(8.752.850)	(8.413.317)
Performance premium paid		(15.651.816)	(12.297.844)
Lawsuits Provision Paid		(117.357)	(2.888)
Taxes Paid		(40.201.916)	(49.835.181)
Collections from Doubtful Trade Receivables	8	1.773	8.450
Net cash generated from operating activities		230.457.729	222.785.965
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of property, plant and equipment and intangible assets		2.871.516	9.463.967
Purchase of property, plant and equipment	12	(150.863.089)	(185.646.244)
Purchase of intangible assets	13	(1.281.217)	(120.820)
Changes in non-trade receivables from related parties		4.535.293	800.345.528
Dividend received		539.289	384.081
Interest received		91.953.451	56.870.896
Other outflows of cash		(75.225.728)	-
Other inflows of cash		-	1.555.367
Rent income		5.963.138	5.722.530
Net cash (used in)/received from investing activities		(121.507.347)	688.575.305
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans acquired		1.727.113.443	575.628.255
Loan repayments		(603.633.570)	(967.270.332)
Repayments of other financial liabilities		(72.100)	(267.932)
Cash inflow from derivative instruments		5.082.976	-
Dividend paid		(71.916.658)	(114.825.333)
Interest paid		(67.912.936)	(40.425.488)
Changes in non-trade payables to related parties		(10.549)	(85.996.007)
Net cash (used in)/received from financing activities		988.650.606	(633.156.837)
NET CHANGE IN CASH AND CASH EQUIVALENTS		1.097.600.988	278.204.433
THE EFFECT OF FOREIGN EXCHANGE RATE CHANGE			
ON CASH AND CASH EQUIVALENTS		178.074.574	52.705.172
CASH AND CASH EQUIVALENTS AT THE BEGINNING			
OF THE PERIOD	5	2.268.604.108	1.354.697.874
CASH AND CASH EQUIVALENTS AT THE END OF THE			
PERIOD	5	3.544.279.670	1.685.607.479

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1. ORGANIZATION AND OPERATIONS OF THE GROUP

Ülker Bisküvi Sanayi A.Ş. (“the Company”) and its subsidiaries (all together “the Group”), comprises of the parent Ülker Bisküvi Sanayi A.Ş. (“the Company”) and twelve subsidiaries in which the Company owns the majority share of the capital or which are controlled by the Company (2016: twelve).

Ülker Bisküvi Sanayi A.Ş. was established in 1944. The Company’s core business activities are manufacturing of biscuits, chocolate, chocolate coated biscuits, wafers and cakes.

Ülker Bisküvi Sanayi A.Ş. which is registered at the Capital Market Board, merged under its own title with Anadolu Gıda Sanayi A.Ş., whose shares have been quoted on Borsa Istanbul since 30 October 1996, as of 31 December 2003.

The headquarter of Ülker Bisküvi Sanayi A.Ş. is located Kısıklı Mah. Ferah Cad. No:1 Büyük Çamlıca Üsküdar / Istanbul.

As of 30 September 2017, the total number of people employed by the Group is 9.440, which contains 1.223 employees who worked as subcontractors (31 December 2016: 9.305, subcontractor: 986).

The ultimate parent and the controlling party of the Group is Yıldız Holding A.Ş. The ultimate parent of Yıldız Holding A.Ş. is managed by Ülker Family. pladis Foods Limited, one of major shareholder is a subsidiary of Yıldız Holding A.Ş. with shares of 100%.

As of 30 September 2017 and 31 December 2016, the names and percentages of the shareholders holding more than 5% of the Company’s share capital are as follows:

Name of the Shareholders	30 September 2017		31 December 2016	
	Share	Percentage	Share	Percentage
Yıldız Holding A.Ş.	98.912.930	28,92%	98.912.930	28,92%
pladis Foods Limited (*)	71.820.000	21,00%	71.820.000	21,00%
Ülker Family	29.267.569	8,56%	29.267.569	8,56%
Other	141.999.501	41,52%	141.999.501	41,52%
	342.000.000	100,00%	342.000.000	100,00%

(*)Yıldız Holding A.Ş. has sold 71.820.000 shares of Ülker Bisküvi Sanayi A.Ş. which is equivalent 21% shares to pladis Foods Limited as of 23 December 2016.

As of 30 September 2017 and 31 December 2016, the details of the subsidiaries under full consolidations in terms of direct and effective share of ownership and principal business activities (The rates in ownership of the entities which were acquired with transaction under common control in 2017 have been presented in 2016 as well) are as follows:

Subsidiaries	30 September 2017		31 December 2016		Nature of Operations
	Ratio of Direct Ownership	Ratio of Effective Ownership	Ratio of Direct Ownership	Ratio of Effective Ownership	
Biskot Bisküvi Gıda Sanayi ve Ticaret A.Ş.	73.9%	73.9%	73.9%	73.9%	Manufacturing
Ülker Çikolata Sanayi A.Ş.	91.7%	91.7%	91.7%	91.7%	Manufacturing
Atlas Gıda Pazarlama Sanayi ve Ticaret A.Ş.	100.0%	100.0%	100.0%	100.0%	Trading
Reform Gıda Paz. San. ve Tic. A.Ş.	100.0%	100.0%	100.0%	100.0%	Trading
İstanbul Gıda Dış Ticaret A.Ş.	100.0%	100.0%	100.0%	100.0%	Export
UI Egypt B.V.	51.0%	51.0%	51.0%	51.0%	Investment
Hi-Food for Advanced Food Industries	-	51.4%	-	51.4%	Manufacturing
Sabourne Investments Ltd	100.0%	100.0%	100.0%	100.0%	Investment
Food Manufacturers’ Company	-	55.0%	-	55.0%	Manufacturing
Food Manufacturers’ Company for Distribution	-	52.3%	-	52.3%	Export
Hamle Company Ltd LLP (*)	100.0%	100.0%	100.0%	100.0%	Manufacturing /Sales
Ulker Star LLC (*)	-	99.0%	-	99.0%	Sales

(*) The Company purchased 100% shares of Hamle Company Ltd LLP which 100% shares owned by Maia International B.V. who is Yıldız Holding A.Ş.’s 100% subsidiary, as of 31 March 2017 with USD 3 million. As a result of this transaction, the Company has gained controlling power of Hamle Company Ltd LLP and Ulker Star LLC which is owned 99% by Hamle Company Ltd LLP.

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1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

Dividend Paid:

The Company has made dividend payment amount of TL 64.000.000 (2016: TL 94.000.000) in the current period. Dividend per share is TL 0.19 (2016: TL 0.27).

Approval of Financial Statements:

The Board of Directors has approved the financial statements and given authorization for the issuance on 7 November 2017. The General Assembly has the authority to amend/modify the financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of the presentation:

Principles for Preparation of Financial Statements and Significant Accounting Policies

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards ("TAS") issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC").

The consolidated financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's consolidated financial statements.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the consolidated financial statements of the Group have been prepared accordingly.

The Company maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under historical cost conventions except for financial assets and financial liabilities which are carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

In accordance with the TAS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, "Interim Financial Reporting". In this respect, the Group preferred to present its interim condensed consolidated financial statements. The Group's interim condensed consolidated financial statement does not include all disclosures and notes that should be included at year-end financial statements. Therefore, the interim condensed consolidated financial statements should be examined together with the 31 December 2016 and 31 December 2015 year-end financial statements.

Functional and presentation currency

Financial statements of each subsidiary of the Group are presented in the currency of the primary economic environment in which the entities operate (its functional currency). The results and financial position of the each subsidiary are expressed in Turkish Lira, which is the functional and presentation currency of the Group.

As of 30 September 2017, rates declared by Central Bank of Republic of Turkey 1 Euro = TL 4,1924, 1 USD = TL 3,5521, 1 EGP = TL 0,2016, 1 SAR = TL 0,9472, 1 KZT = TL 0,01040 (31 December 2016: 1 Euro = TL 3,7099, 1 USD = TL 3,5192, 1 EGP = TL 0,1943, 1 SAR = TL 0,9383, 1 KZT = TL 0,0106).

For the period between January 1, 2017 and September 30, 2017, average rates declared by Central Bank of Republic of Turkey 1 Euro = TL 3,9966, 1 USD = TL 3,5936, 1 EGP = TL 0,2011, 1 SAR = TL 0,9582, 1 KZT = TL 0,0111(January 1, 2016 and September 30, 2016: 1 Euro = TL 3,2713, 1 USD = TL2,9309, 1 EGP = TL 0,3426, 1 SAR = TL 0,78141 KZT = TL 0,0085).

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.2 Change in Accounting Policies:

Accounting policy changes are applied retrospectively and the previous year financial statements are rearranged.

Comparative Information and Restatement of Prior Period Consolidated Financial Statements

In order to allow the determination of financial position and performance, the Group's condensed consolidated financial statements are prepared in comparison with the previous period. In order to comply with the presentation of condensed consolidated financial statements the current period when deemed necessary, comparative information is reclassified, and material differences are presented. The Group has made some reclassifications in order to conform to current period financial statements for prior periods.

As per the principle related to "Accounting for business combinations under common control" the Public Oversight Accounting and Auditing Standards Authority issued in the Official Gazette dated 21 July 2013, business combinations under common control shall be accounted through restating previous period's financial statements via the pooling of interest method. The Group management restated its consolidated balance sheets as at 31 December 2016 and 2015 and the consolidated statements of comprehensive income and cash flows for the periods ended at 30 September 2016 for the transactions made under common control to fulfil the economic decision-making needs of financial statement users, because of the impracticability, within the scope of TAS 8. Effect of the restatements are shown below.

Group management has preferred early adoption of TFRS 15 "Revenue from Contracts with Customers". Starting from 1 January 2017, the Group management has considered the inclusion of the financing component of customer contracts detailed in TFRS 15, taking into account the various terms of the purchase and sell operations (maturity, market conditions, cash and future cost differences). It is intended that financial information be comparable in accordance with TAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" which is also referred to in TFRS 15. In this context, condensed consolidated statement of income for the interim period ended 30 September 2016 has been reclassified.

The effects of related restatements and reclassifications are presented below.

	Reported Previous Period 31 December 2016	Effects of Restatement with Eliminations	Restated Previous Period 31 December 2016
Current Assets	3.501.795.901	123.771.049	3.625.566.950
Cash and Cash Equivalents	2.169.912.611	98.691.497	2.268.604.108
Financial Investments	754.935	-	754.935
Trade Receivables	772.946.269	(8.950.526)	763.995.743
Other Receivables	21.686.032	3.039.617	24.725.649
Inventories	361.942.164	30.788.178	392.730.342
Prepaid Expenses	115.373.488	171.430	115.544.918
Current Income Tax Assets	11.063.641	-	11.063.641
Other Current Assets	48.116.761	30.853	48.147.614
Non-Current Assets	2.024.393.048	29.035.543	2.053.428.591
Financial Investments	928.800.295	-	928.800.295
Trade Receivables	65.491	(65.491)	-
Other Receivables	185.292	-	185.292
Investment Properties	14.587.592	-	14.587.592
Tangible Assets	1.032.162.499	18.477.126	1.050.639.625
Intangible Assets	1.573.673	166.436	1.740.109
Prepaid Expenses	14.160.059	-	14.160.059
Deferred Tax Assets	32.858.147	10.457.472	43.315.619
TOTAL ASSETS	5.526.188.949	152.806.592	5.678.995.541

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.2 Change in Accounting Policies (cont'd):

Comparative Information and Restatement of Prior Period Consolidated Financial Statements (cont'd)

	Reported Previous Period 31 December 2016	Effects of Restatement with Eliminations	Restated Previous Period 31 December 2016
Current Liabilities	3.169.041.952	12.097.151	3.181.139.103
Short Term Financial Liabilities	544.791.623	-	544.791.623
Short Term Portion of Long Term Financial Liabilities	1.815.280.366	295.387	1.815.575.753
Trade Payables	637.981.293	8.496.728	646.478.021
Employee Benefit Related Liabilities	30.593.339	787.942	31.381.281
Other Payables	8.431.010	-	8.431.010
Deferred Revenue	48.439.307	-	48.439.307
Current Income Tax Liabilities	14.818.549	-	14.818.549
Short Term Provisions	56.416.195	433.554	56.849.749
Other Current Liabilities	12.290.270	2.083.540	14.373.810
Non-Current Liabilities	502.550.519	184.765.680	687.316.199
Long Term Financial Liabilities	384.844.123	184.765.680	569.609.803
Long Term Provisions	72.356.363	-	72.356.363
Deferred Tax Liabilities	45.350.033	-	45.350.033
SHAREHOLDERS' EQUITY	1.854.596.478	(44.056.239)	1.810.540.239
Equity Attributable To Equity Holders' of the Parent	1.649.206.349	(38.084.079)	1.611.122.270
Share Capital	342.000.000	-	342.000.000
Inflation Adjustments to Share Capital	108.056.201	-	108.056.201
Effect of Business Combinations Under Common Control	(141.862.799)	(56.395.683)	(198.258.482)
Other Comprehensive Income/Expense not to be Reclassified in Profit or Loss			
- Investment property valuation funds	5.231.735	-	5.231.735
- Actuarial loss on post employment termination benefit obligation	(16.686.755)	-	(16.686.755)
Other Comprehensive Income/Expense to be Reclassified in Profit or Loss			
- Currency Translation Adjustment	3.215.880	(10.381.688)	(7.165.808)
- Financial assets revaluation fund	695.363.441	-	695.363.441
Restricted Reserves Appropriated from Profits	119.806.833	-	119.806.833
Retained Earnings	303.710.250	16.353.847	320.064.097
Net Profit for the Period	230.371.563	12.339.445	242.711.008
Non-Controlling Interest	205.390.129	(5.972.160)	199.417.969
TOTAL LIABILITIES AND EQUITY	5.526.188.949	152.806.592	5.678.995.541

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.2 Change in Accounting Policies (cont'd):

Comparative Information and Restatement of Prior Period Consolidated Financial Statements (cont'd)

	Reported Previous Period 31 December 2015	Effects of Restatement with Eliminations	Restated Previous Period 31 December 2015
Current Assets	3.477.399.742	25.067.521	3.502.467.263
Cash and Cash Equivalents	1.344.388.200	10.309.674	1.354.697.874
Financial Investments	704.437	-	704.437
Trade Receivables	763.203.505	(7.520.013)	755.683.492
Other Receivables	838.229.645	5.351.499	843.581.144
Inventories	315.486.154	15.696.948	331.183.102
Prepaid Expenses	169.202.618	1.178.942	170.381.560
Current Income Tax Assets	825.280	-	825.280
Other Current Assets	45.359.903	50.471	45.410.374
Non-Current Assets	1.724.400.850	16.659.097	1.741.059.947
Financial Investments	765.334.184	-	765.334.184
Trade Receivables	6.196.664	(6.196.664)	-
Other Receivables	176.911	-	176.911
Investment Properties	12.904.161	-	12.904.161
Tangible Assets	891.477.307	13.338.916	904.816.223
Intangible Assets	1.808.877	137.477	1.946.354
Prepaid Expenses	28.562.343	-	28.562.343
Deferred Tax Assets	17.936.217	9.335.464	27.271.681
Other Non-Current Assets	4.186	43.904	48.090
TOTAL ASSETS	5.201.800.592	41.726.618	5.243.527.210

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.2 Change in Accounting Policies (cont'd):

Comparative Information and Restatement of Prior Period Consolidated Financial Statements (cont'd)

	Reported Previous Period 31 December 2015	Effects of Restatement with Eliminations	Restated Previous Period 31 December 2015
Current Liabilities	1.785.736.307	88.311.149	1.874.047.456
Short Term Financial Liabilities	932.018.207	79.700.265	1.011.718.472
Short Term Portion of Long Term Financial Liabilities	27.772.158	64.833	27.836.991
Trade Payables	595.456.614	6.251.689	601.708.303
Employee Benefit Related Liabilities	27.331.047	596.821	27.927.868
Other Payables	90.712.243	209.853	90.922.096
Deferred Revenue	39.895.543	68.901	39.964.444
Current Income Tax Liabilities	9.514.388	-	9.514.388
Short Term Provisions	51.262.503	252.354	51.514.857
Other Current Liabilities	11.773.604	1.166.433	12.940.037
Non-Current Liabilities	1.807.684.924	14.795	1.807.699.719
Long Term Financial Liabilities	1.735.320.937	14.407	1.735.335.344
Long Term Provisions	37.439.337	388	37.439.725
Deferred Tax Liabilities	34.924.650	-	34.924.650
SHAREHOLDERS' EQUITY	1.608.379.361	(46.599.326)	1.561.780.035
Equity Attributable To Equity Holders' of the Parent	1.398.657.101	(46.599.326)	1.352.057.775
Share Capital	342.000.000	-	342.000.000
Inflation Adjustments to Share Capital	108.056.201	-	108.056.201
Effect of Business Combinations Under Common Control	(161.872.759)	(56.395.683)	(218.268.442)
Other Comprehensive Income/Expense not to be Reclassified in Profit or Loss			
- Investment property valuation funds	5.231.735	-	5.231.735
- Actuarial loss on post employment termination benefit obligation	(430.543)	-	(430.543)
Other Comprehensive Income/Expense to be Reclassified in Profit or Loss			
- Currency translation adjustment	1.080.204	(585.330)	494.874
- Financial assets revaluation fund	539.968.646	-	539.968.646
Restricted Reserves Appropriated from Profits	112.116.833	-	112.116.833
Retained Earnings	160.377.409	62.551.839	222.929.248
Net Profit for the Period	292.129.375	(52.170.152)	239.959.223
Non-Controlling Interest	209.722.260	-	209.722.260
TOTAL LIABILITIES AND EQUITY	5.201.800.592	41.726.618	5.243.527.210

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.2 Change in Accounting Policies (cont'd):

Comparative Information and Restatement of Prior Period Consolidated Financial Statements (cont'd)

	Reported Previous Period 1 January- 30 September 2016	Effects of Restatement with Eliminations	Effects of classifications from IFRS 15	Restated Previous Period 1 January- 30 September 2016 Restated
1 January-30 September 2016				
Income Statement				
Revenue	2.795.281.065	46.620.732	38.008.012	2.879.909.809
Cost of Sales	(2.151.378.685)	(28.154.721)	(22.881.604)	(2.202.415.010)
GROSS PROFIT FROM OPERATIONS	643.902.380	18.466.011	15.126.408	677.494.799
General Administrative Expenses	(84.861.045)	(4.405.935)	-	(89.266.980)
Marketing, Sales and Distribution Expenses	(241.945.161)	(9.504.956)	-	(251.450.117)
Research and Developmet Expenses	(5.672.264)	-	-	(5.672.264)
Other Operating Income	49.666.288	6.772.580	(35.508.012)	20.930.856
Other Operating Expenses	(25.810.282)	(6.578.950)	20.381.604	(12.007.628)
OPERATING PROFIT FROM MAIN OPERATIONS	335.279.916	4.748.750	-	340.028.666
Income from Investment Activities	220.384.526	174.974	-	220.559.500
Expenses from Investment Activities	(105.107.501)	-	-	(105.107.501)
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES	450.556.941	4.923.724	-	455.480.665
Financial Income	120.552.724	13.093.821	-	133.646.545
Financial Expenses	(257.371.123)	(15.030.375)	-	(272.401.498)
PROFIT BEFORE TAX	313.738.542	2.987.170	-	316.725.712
Tax Expense	(60.232.149)	(603.565)	-	(60.835.714)
Tax on Income	(56.813.314)	-	-	(56.813.314)
Deferred Tax Income	(3.418.835)	(603.565)	-	(4.022.400)
PROFIT FOR THE YEAR	253.506.393	2.383.605	-	255.889.998
Other Comprehensive Income: Items not to be Reclassified to Profit or Loss	(703.594)	-	-	(703.594)
Actuarial Gain/(Loss) on Post-Employment Termination Benefit Obligation	(879.493)	-	-	(879.493)
Deferred Tax Effect	175.899	-	-	175.899
Items to be Reclassified to Profit or Loss	(4.582.984)	(2.809.681)	-	(7.392.665)
Currency Translation Adjustments	(3.956.810)	(2.809.681)	-	(6.766.491)
Other Comprehensive Income Related with Financial Assets	(659.131)	-	-	(659.131)
Other Comprehensive Income Measured at Fair Value through Deffered Tax Effect	32.957	-	-	32.957
OTHER COMPREHENSIVE INCOME	(5.286.578)	(2.809.681)	-	(8.096.259)
TOTAL COMPREHENSIVE INCOME	248.219.815	(426.076)	-	247.793.739

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Adoption of New and Revised International Financial Reporting Standards:

The Group has applied the standards which are relevant to its operations from the standards, amendments and interpretations applicable from 1 January 2017.

a) *Standards, amendments and interpretations applicable as at 30 September 2017*

- Amendments to IAS 7 'Statement of cash flows' on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- Amendments IAS 12 'Income Taxes', effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets.
- Annual improvements 2014–2016, effective from annual periods beginning on or after 1 January 2017. These amendments impact 3 standards:
 - IFRS 1, 'First-time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.
 - IFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.
 - IAS 28, 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value effective 1 January 2018.

b) *Standards, amendments and interpretations effective after 30 September 2017*

- Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.
- IFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- Amendment to IFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Adoption of New and Revised International Financial Reporting Standards(cont'd):

- IFRS 16 'Leases', effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial Instruments', effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
 - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
 - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard— IAS 39.
- Amendment to IAS 40, 'Investment property' relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.
- IFRS 17, 'Insurance contracts', effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- IFRIC 22, 'Foreign currency transactions and advance consideration', effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

3. BUSINESS COMBINATIONS

The Company purchased 100% shares of Hamle Company Ltd LLP from Maia International B.V which is 100% owned by Yıldız Holding A.Ş., as of 31 March 2017 with an amount of USD 3 million. Since the acquisition is from Maia International B.V. which is 100% owned by Yıldız Holding A.Ş., who is the major shareholder of the Company; the transaction is considered as “Transactions Under Common Control” and accounted in the shareholders’ equity. The net assets acquired and the effects of transaction in equity are presented as follows:

Net Assets within the Scope of Consolidation	Asset/(Liability)
Current Assets	
Cash and cash equivalents	98.691.498
Trade receivables	7.107.451
Other receivables	32.940
Other current assets	30.990.460
Non-Current Assets	
Tangible and intangible assets (Net)	18.643.562
Other non-current assets	10.457.472
Current Liabilities	
Financial liabilities	(295.387)
Trade payables	(24.648.072)
Other current liabilities	(3.187.138)
Non-Current Liabilities	
Financial liabilities	(184.765.680)
Net Assets added into the scope of consolidation	(46.972.894)
Capital increase	13.772.456
Total share of the Group ownership	100,0%
The portion of the net assets to Group	(33.200.438)
Cash paid for the acquisition	(10.855.800)
Net Equity Impact from the acquisition of subsidiary	(44.056.238)

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3. BUSINESS COMBINATIONS (cont'd)

The Company purchased 20.250.000 shares of İstanbul Gıda Dış Ticaret A.Ş. from Yıldız Holding A.Ş., who is 100% shareholder, for an amount of TL 43 million as of 31 March 2016. The net assets acquired and the effects of transaction in equity are presented as follows:

Net Assets within the Scope of Consolidation	Asset/(Liability)
Current Assets	
Cash and cash equivalents	2.107.616
Trade receivables	180.630.937
Other receivables	1.061.196.715
Other current assets	21.474.982
Non-Current Assets	
Tangible and intangible assets (Net)	2.882.635
Other non-current assets	1.707.255
Current Liabilities	
Financial liabilities	(877.541.939)
Trade payables	(155.346.116)
Other current liabilities	(57.421.414)
Non-Current Liabilities	
Financial liabilities	(145.809.229)
Other non-current liabilities	(4.132.149)
Net Assets added into the scope of consolidation	29.749.293
Total share of the Group ownership	100,0%
The portion of the net assets to Group	29.749.293
Cash paid for the acquisition	(43.000.000)
Net Equity Impact from the acquisition of subsidiary	(13.250.707)

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3. BUSINESS COMBINATIONS (cont'd)

The Company purchased 100.0% shares of Sabourne Investments Limited from Yıldız Holding A.Ş. for an amount of USD 50 million as of 27 June 2016. As a result of the transaction, the Company has gained the controlling power in Food Manufacturers' Company, which Sabourne Investments Limited. has 55.0% shares and the controlling power in Food Manufacturers' Company for Distribution, which Food Manufacturers' Company has 95.0% shares. The net assets acquired and the effects of transaction in equity are presented as follows:

Net Assets within the Scope of Consolidation	Asset/(Liability)
Current Assets	
Cash and cash equivalents	20.739.660
Trade receivables	44.777.045
Other receivables	745.081
Other current assets	68.509.347
Non-Current Assets	
Tangible and intangible assets (Net)	99.047.045
Current Liabilities	
Financial liabilities	(7.063.661)
Trade payables	(75.796.136)
Other current liabilities	(27.658.240)
Non-Current Liabilities	
Other non-current liabilities	(5.968.579)
Net Assets added into the scope of consolidation	117.331.562
Minority shares	53.291.094
Total share of the Group ownership	100,0%
The portion of the net assets to Group	64.040.468
Cash paid for the acquisition	(145.275.000)
Net Equity Impact from the acquisition of subsidiary	(81.234.532)

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3. BUSINESS COMBINATIONS (cont'd)

The Company purchased 51.0% shares of UI Egypt B.V., operating in Netherlands, from Yıldız Holding A.Ş. for an amount of USD 30 million as of 31 March 2016. As a result of the transaction, the Company has gained the controlling power in UI Egypt B.V. and Hi Food for Advanced Food Industries, which UI Egypt B.V. has 90% shares. Since the acquisition is from Yıldız Holding A.Ş., who is the major shareholder of the Company; the transaction is considered as “Transactions Under Common Control” and accounted in the shareholders’ equity. The net assets acquired and the effects of transaction in equity are presented as follows:

Net Assets within the Scope of Consolidation	Asset/(Liability)
Current Assets	
Cash and cash equivalents	2.488.891
Trade receivables	10.833.046
Other receivables	5.195.245
Other current assets	36.779.487
Non-Current Assets	
Tangible and intangible assets (Net)	112.375.536
Current Liabilities	
Financial liabilities	(20.065.284)
Trade payables	(16.867.164)
Other current liabilities	(6.367.205)
Non-Current Liabilities	
Financial liabilities	(19.686.374)
Other non-current liabilities	(20.084.669)
Net Assets added into the scope of consolidation	84.601.509
Minority shares	8.481.038
Total share of the Group ownership	51,0%
The portion of the net assets to Group	38.821.440
Cash paid for the acquisition	(86.199.000)
Net Equity Impact from the acquisition of subsidiary	(47.377.560)

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4. SEGMENTAL INFORMATION

The Group's core business activities are manufacturing and marketing of biscuit, chocolate coated biscuit, wafer, cake and chocolate. The reports reviewed routinely by the decision makers of the Group comprise consolidated financial information of Ülker Bisküvi Sanayi A.Ş. and its subsidiaries. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions. The Group management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The board of directors review segmental analysis on gross profit and operational profit.

The Group, follows its operations with domestic (local operations of Turkish companies in Turkey) and international basis in accordance with TFRS 8. The information for 1 January – 30 September 2017 and 1 January - 30 September 2016.

	Domestic	Foreign	1 January- 30 September 2017
Revenue	2.350.364.943	1.007.834.235	3.358.199.178
Gross Profit	515.327.791	288.610.510	803.938.301
Operating Profit (*)	286.324.867	104.672.230	390.997.097
Capital Expenditures	122.833.587	29.310.719	152.144.306

(*) Operating profit before other operational income and expenses.

	Domestic	Foreign	1 January- 30 September 2016
Revenue	2.065.519.160	814.390.649	2.879.909.809
Gross Profit	478.614.306	198.880.492	677.494.798
Operating Profit (*)	267.035.722	64.069.715	331.105.438
Capital Expenditures	157.580.060	28.187.004	185.767.064

(*) Operating profit before other operational income and expenses.

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5. CASH AND CASH EQUIVALENTS

	30 September 2017	31 December 2016	31 December 2015
Cash on hand	2.123.049	1.692.690	431.464
Demand deposits	70.554.451	36.089.792	30.679.367
Time deposits (*)	3.471.602.170	2.230.821.626	1.323.587.043
	3.544.279.670	2.268.604.108	1.354.697.874

(*) As of 30 September 2017, TL 3.471.602.170 portion of time deposits is overnight (31 December 2016: TL 2.230.821.626 and 31 December 2015: TL 1.323.587.043).

Details of time deposits are shown below:

Currency Type	Annual Weighted Average Effective Interest Rate	Maturity	30 September 2017
TL	13,19%	October 2017	227.798.338
EUR	1,70%	October 2017	1.663.410.791
USD	3,50%	October 2017	1.576.118.285
GBP	0,20%	October 2017	1.851.662
KZT	11,00%	October 2017	2.423.094
			3.471.602.170
Currency Type	Annual Weighted Average Effective Interest Rate	Maturity	31 December 2016
TL	10,62%	January 2017	374.319.771
EUR	1,50%	January 2017	672.616.138
USD	2,49%	January 2017	1.102.402.307
KZT	10,50%	January 2017	81.483.410
			2.230.821.626
Currency Type	Annual Weighted Average Effective Interest Rate	Maturity	31 December 2015
EUR	1,59%	January 2016	533.399.795
USD	2,47%	January 2016	790.187.248
			1.323.587.043

6. FINANCIAL INVESTMENTS

Short Term Financial Investments:	30 September 2017	31 December 2016	31 December 2015
Available for sale financial assets	648.926	754.935	704.437
	648.926	754.935	704.437
Long Term Financial Investments:	30 September 2017	31 December 2016	31 December 2015
Available for sales financial assets	943.810.506	928.800.295	765.334.184
	943.810.506	928.800.295	765.334.184
Long Term Available for Sale Financial	30 September 2017	31 December 2016	31 December 2015
G New, Inc	187.228.229	187.228.229	196.711.611
Godiva Belgium BVBA	712.010.658	712.010.658	537.772.863
BİM Birleşik Mağazalar A.Ş.	44.371.501	29.361.290	30.649.592
Other	200.118	200.118	200.118
	943.810.506	928.800.295	765.334.184

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6. FINANCIAL INVESTMENTS (cont'd)

Available for sale financial assets are presented at their fair values. The after tax difference belonging to equity holder of TL 708.434.838 as of 30 September 2017 (31 December 2016: TL 695.363.441) in the fair values of such assets has directly been presented in other comprehensive income under equity.

As the expected value gaps for available for sale financial assets of TL 200.118 (31 December 2016: TL 200.118 and 31 December 2015: TL 200.118) that are not traded in an active market are high and expected values are not reliably measured, these have been presented at historical cost in accompanying consolidated financial statements..

7. FINANCIAL LIABILITIES

	30 September 2017	31 December 2016	31 December 2015
Short Term Liabilities	759.314.499	544.791.623	1.011.718.472
Short Term Portion of Long Term Liabilities	1.915.532.668	1.815.575.753	27.836.991
Long Term Liabilities	1.642.666.944	569.609.803	1.735.335.344
	4.317.514.111	2.929.977.179	2.774.890.807
<u>Short Term Liabilities</u>	30 September 2017	31 December 2016	31 December 2015
Bank Loans	730.613.961	514.162.247	1.011.718.472
Non-Trade Payables to Related Parties (Note 21)	28.700.538	30.629.376	-
	759.314.499	544.791.623	1.011.718.472
<u>Short Term Portion of Long Term Liabilities</u>	30 September 2017	31 December 2016	31 December 2015
Bank Loans	1.915.532.668	1.815.569.289	27.410.569
Financial Lease Payables	-	6.464	426.422
	1.915.532.668	1.815.575.753	27.836.991
<u>Long Term Liabilities</u>	30 September 2017	31 December 2016	31 December 2015
Bank Loans	1.642.666.944	569.544.167	1.735.258.415
Financial Lease Payables	-	65.636	76.929
	1.642.666.944	569.609.803	1.735.335.344

The syndication loans have received as of 26 November 2014 and 20 April 2017. Details of Group's syndication loans are as follows:

Syndication loan received as of 26 November 2014 consists of two credit trenches which are USD 284.500.000 and EUR 211.823.840. 26 international banks joined to the syndication. Effective interest rate for both credit trenches is Eurobor + 2.75% and the maturity date is November 2017. Principal payments of the loans are repaid at maturity with semi-annual interest payments.

The covenants which belong to syndication loan are as follows:

a) Leverage: The ratio of the consolidated net debt at balance sheet date to the last twelve months consolidated EBITDA (Earnings before interest, tax, depreciation and amortization) in the valid period should not be over 3 to 1.

b) Interest Coverage: Consolidated interest coverage ratio of the Group should be at least 3 to 1.

Syndication loan received on 20 April 2017 consists of two credit trenches which are USD 136.000.000 and EUR 225.144.922. 14 international banks joined to the syndication. Effective interest rate for both credit trenches are Euribor + 3.00% for EUR , Libor+ 3.10% for USD and the maturity date is April 2020. Principal payments of the loans are repaid at maturity with semi-annual interest payments.

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7. FİNANSAL LIABILITIES (cont'd)

The covenants which belong to syndication loan are as follows:

b) Leverage: The ratio of the consolidated net debt at balance sheet date to the last twelve months consolidated EBITDA (Earnings before interest, tax, depreciation and amortization) in the valid period should not be over 3,5 to 1.

b) Interest Coverage: Consolidated interest coverage ratio of the Group should be at least 2 to 1.

In current year, the consolidated financial statements of the Group comply with the covenants of the syndication loan agreement.

Borrowings:

30 September 2017

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted</u>		
		<u>Average</u> <u>Interest Rate</u>	<u>Short Term</u>	<u>Long Term</u>
TL	February 2018- January 2021	13,25%	305.653.527	12.000.000
EUR	November 2017- June 2020	2,87%	1.008.023.370	974.758.424
USD	November 2017-April 2020	4,10%	1.348.566.470	472.104.500
EGP	December 2017-September 2019	19,71%	8.473.208	1.088.370
KZT	December 2023	9,25%	4.130.592	182.715.650
			<u>2.674.847.167</u>	<u>1.642.666.944</u>

31 December 2016

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted</u>		
		<u>Average</u> <u>Interest Rate</u>	<u>Short Term</u>	<u>Long Term</u>
TL	January 2017-January 2021	Spot-10,59%	14.383.813	199.500.000
EUR	January 2017-December 2023	2,75%	809.483.182	268.745.770
USD	June 2017-June 2020	3,90%	1.522.762.304	7.978.500
EGP	January 2017-September 2019	17,00%	4.266.762	1.593.097
SAR	January 2017	1,53%	9.175.928	-
KZT	April 2017-December 2023	9,50%	288.923	91.726.800
			<u>2.360.360.912</u>	<u>569.544.167</u>

31 December 2015

<u>Currency Type</u>	<u>Maturity</u>	<u>Effective Weighted</u>		
		<u>Average</u> <u>Interest Rate</u>	<u>Short Term</u>	<u>Long Term</u>
TL	January 2016-July 2016	Spot	1.398.009	-
EUR	February 2016-June 2020	2,76%	164.435.311	750.213.250
USD	January 2016-November 2017	3,18%	855.399.919	978.876.603
EGP	November 2016-September 2019	14,00%	10.832.140	6.168.562
SAR	August 2016-January 2017	1,43%	7.063.662	-
			<u>1.039.129.041</u>	<u>1.735.258.415</u>

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7. FINANCIAL LIABILITIES (cont'd)

The maturity detail of the bank loans is as follows:

	30 September 2017	31 December 2016	31 December 2015
to be paid within 1 year	2.674.847.167	2.360.360.912	1.039.129.041
to be paid within 1-2 years	24.298.732	510.947.273	1.663.089.616
to be paid within 2-3 years	1.431.652.562	32.255.242	27.349.497
to be paid within 3-4 years	40.543.132	26.341.652	25.683.250
to be paid within 4-5 years	36.543.132	-	19.136.052
Above 5 years	109.629.386	-	-
	4.317.514.111	2.929.905.079	2.774.387.456

Financial Lease Payables

	30 September 2017	31 December 2016	31 December 2015
Short-Term Financial Lease Payables			
Financial lease payables	-	6.464	426.422
Deferred financial lease payables (-)	-	-	-
	-	6.464	426.422
Long-Term Financial Lease Payables			
Financial lease payables	-	67.729	479.097
Deferred financial lease payables (-)	-	(2.093)	(402.168)
	-	65.636	76.929

The maturity detail of the financial lease payables is as follows:

	30 September 2017	31 December 2016	31 December 2015
to be paid within 1 year	-	6.464	426.422
to be paid within 1-5 years	-	65.636	76.929
	-	72.100	503.351

8. TRADE RECEIVABLES AND PAYABLES

	30 September 2017	31 December 2016	31 December 2015
Short Term Due from Related Parties			
Due from related parties (Note 21)(Net)	691.455.617	586.367.653	560.216.232
	691.455.617	586.367.653	560.216.232
Other Trade Receivables			
Trade receivables	201.969.313	183.554.934	200.003.448
Notes receivables	1.098.695	833.496	1.105.209
Provision for doubtful receivables (-)	(5.389.625)	(6.760.340)	(5.641.397)
	197.678.383	177.628.090	195.467.260
Total Short Term Trade Receivables	889.134.000	763.995.743	755.683.492

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8. TRADE RECEIVABLES AND PAYABLES (cont'd)

The provision for trade receivables is provided for based on the estimated irrecoverable amounts from sale of goods, determined by reference to past default experience.

The movement of the allowance for doubtful receivables as of 30 September 2017 and 2016 is as follows:

	1 January - 30 September 2017	1 January - 30 September 2016
Opening balance	(6.760.340)	(5.641.397)
Charge for the period	-	(536.083)
Reversal of provision	1.415.031	-
Currency translation adjustments	(46.089)	(137.480)
Collections	1.773	8.450
Closing balance	(5.389.625)	(6.306.510)

	30 September 2017	31 December 2016	31 December 2015
Short Term Trade Payables			
Due to related parties (Note 21)	292.929.663	341.344.634	315.390.068
Trade payables	401.494.840	305.133.387	286.318.235
	694.424.503	646.478.021	601.708.303

9. OTHER RECEIVABLES AND PAYABLES

	30 September 2017	31 December 2016	31 December 2015
Short Term Other Receivables			
Due from related parties (Note 21)	-	4.535.293	807.438.501
Short term other receivables	30.740.993	20.190.356	36.142.643
	30.740.993	24.725.649	843.581.144

	30 September 2017	31 December 2016	31 December 2015
Other Short Term Receivables			
VAT receivables	19.538.977	11.969.170	15.463.094
Deposits and guarantees given	2.438.293	502.473	31.374
Receivables from personnel	1.590.592	1.369.308	1.311.113
Insurance compensation receivable	-	-	13.319.191
Other	7.173.131	6.349.405	6.017.871
	30.740.993	20.190.356	36.142.643

	30 September 2017	31 December 2016	31 December 2015
Other Long Term Receivables			
Deposits and guarantees given	181.300	185.292	176.911
	181.300	185.292	176.911

	30 September 2017	31 December 2016	31 December 2015
Other Payables			
Due to related parties (Note 21)	-	-	86.239.625
Other short-term payables	5.699.644	8.431.010	4.682.471
	5.699.644	8.431.010	90.922.096

	30 September 2017	31 December 2016	31 December 2015
Other Payables			
Other short-term payables	5.395.360	5.560.898	2.524.647
Deposits and guarantees received	304.284	2.870.112	2.157.824
	5.699.644	8.431.010	4.682.471

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10. INVENTORIES

Inventory details are as follows:

	30 September 2017	31 December 2016	31 December 2015
Raw materials	227.022.675	196.373.898	144.952.181
Work in progress	19.578.177	10.532.864	11.270.572
Finished goods	180.895.773	163.426.472	153.748.990
Trade goods	31.129.907	8.180.515	5.553.918
Other inventories	31.940.976	24.615.181	24.922.622
Allowance for impairment on inventory (-)	(9.842.083)	(10.398.588)	(9.265.181)
	480.725.425	392.730.342	331.183.102

Inventory is presented on cost value and allowance for impairment is booked for inventory valuing lower than cost.

The movement of allowance for impairment on inventory for the periods ended 30 September 2017 and 2016 are below:

	30 September 2017	30 September 2016
Opening balance	(10.398.588)	(9.265.181)
Charge for the period	(1.951.768)	(3.318.004)
Provisions released	-	3.279.294
Written-off provision	2.770.455	-
Currency translation adjustments	(262.182)	(16.835)
Closing balance	(9.842.083)	(9.320.726)

11. INVESTMENT PROPERTIES

	30 September 2017	30 September 2016
Opening balance	14.587.592	12.904.161
Charge for the period	(16.177)	(10.784)
Closing balance	14.571.415	12.893.377

The fair value of the Group's investment properties at 31 December 2016 and 2015 has been calculated on the basis of a valuation carried out at that date by 31 December 2016 and 2015, by independent valuers not related to the Group. EVA Gayrimenkul Değerleme Danışmanlık A.Ş. is one of the accredited independent valuers by Capital Markets Board of Turkey, and has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation, which conforms to International Valuation Standards, based on market evidence of transaction prices for similar properties. The difference between book value and fair value of investment property outside of this valuation is assessed to be immaterial.

The rent income earned by the Group from its investment properties amounting to TL 858.521 (30 September 2016: TL 982.547) within the current period. Direct operating expenses arising from the investment properties in the current period amounting to TL 52.953 (30 September 2016: TL 39.467).

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12. PROPERTY, PLANT AND EQUIPMENT

Movements of tangible assets between 1 January 2017 - 30 September 2017 are as follows:

Cost	1 January 2017	Addition	Disposal	Transfer (Note 13)	Currency translation differences	30 September 2017
Land	14.497.372	-	-	-	208.964	14.706.336
Land improvements	8.062.789	3.969	-	78.000	-	8.144.758
Buildings	360.480.076	871.585	(111.605)	9.000.999	589.631	370.830.686
Machinery, plant and equipment	1.259.992.682	18.160.967	(25.730.025)	94.150.351	1.960.551	1.348.534.526
Vehicles	9.142.435	859.766	(636.922)	-	3.481	9.368.760
Furniture and fixture	64.593.486	3.568.775	(343.390)	1.172.359	4.970	68.996.200
Leasehold improvements	25.717.743	880.322	-	4.807.187	-	31.405.252
Other tangible assets	4.412.905	124.734	(4.506.737)	-	279.791	310.693
Construction in progress	161.032.573	126.392.971	(946.296)	(109.224.531)	3.294.437	180.549.154
	1.907.932.061	150.863.089	(32.274.975)	(15.635)	6.341.825	2.032.846.365

Accumulated Depreciation	1 January 2017	Charge for the Period	Disposal	Transfer	Currency translation differences	30 September 2017
Land	(3.639.332)	(294.148)	-	-	-	(3.933.480)
Land improvements	(119.744.700)	(8.733.867)	111.605	-	(226.984)	(128.593.946)
Buildings	(663.105.101)	(60.812.883)	24.973.703	-	(1.075.179)	(700.019.460)
Machinery, plant and equipment	(4.128.065)	(773.505)	564.089	-	(22.587)	(4.360.068)
Vehicles	(48.213.470)	(4.317.940)	224.160	-	215.198	(52.092.052)
Furniture and fixture	(14.047.689)	(1.949.464)	-	-	-	(15.997.153)
Leasehold improvements	(4.414.079)	(80.724)	3.783.262	-	(93.685)	(805.226)
	(857.292.436)	(76.962.531)	29.656.819	-	(1.203.237)	(905.801.385)

Net Book Value	1.050.639.625	1.127.044.980
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From depreciation and amortization expenses TL 69.763.120 TL (30 September 2016: TL 57.191.126) is included in cost of goods sold, TL 266.470 (30 September 2016: TL 225.022) is included in research and development expenses, TL 1.664.182 (30 September 2016: TL 1.234.652) is included in marketing and selling expenses and TL 5.861.492 (30 September 2016: 4.194.696 TL) is included in general administrative expenses. There is no collateral or mortgage on fixed assets. There is no fixed assets acquired through leasing in the current period.

The Group has capitalized TL 231.999 interest and TL 3.082.278 foreign exchange losses and accounted for such borrowing costs under construction in progress (30 September 2016: TL 2.574.189 interest and TL 7.163.466 foreign exchange losses) whereas TL 3.314.277 was transferred to the machinery, plant and equipment.

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12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Movements of tangible assets between 1 January 2016 - 30 September 2016 are as follows:

Cost	1 January 2016	Addition	Disposal	Transfer (Note 13)	Currency translation differences	30 September 2016
Land	18.581.138	163.277	-	-	(1.089.935)	17.654.480
Land improvements	17.256.231	112.437	-	137.695	-	17.506.363
Buildings	291.432.723	3.896.964	-	399.882	(337.255)	295.392.314
Machinery, plant and equipment	1.100.536.762	5.476.767	(12.650.041)	55.525.022	(2.380.837)	1.146.507.673
Vehicles	5.159.405	1.438.713	(375.879)	-	(50.003)	6.172.236
Furniture and fixture	57.395.634	6.974.701	(161.179)	1.117.309	75.355	65.401.820
Leasehold improvements	19.930.469	2.011.986	-	2.429.007	-	24.371.462
Other tangible assets	5.622.567	1.245.534	(769.081)	-	89.643	6.188.663
Construction in progress	164.296.470	164.325.865	-	(59.673.951)	(2.683.828)	266.264.556
	1.680.211.399	185.646.244	(13.956.180)	(65.036)	(6.376.860)	1.845.459.567
Accumulated Depreciation	1 January 2016	Charge for the Period	Disposal	Transfer	Currency translation differences	30 September 2016
Land	(3.250.227)	(291.479)	-	-	-	(3.541.706)
Land improvements	(104.691.978)	(7.382.642)	-	-	(531.919)	(112.606.539)
Buildings	(604.587.248)	(46.660.479)	4.279.920	-	308.212	(646.659.595)
Machinery, plant and equipment	(3.565.737)	(354.996)	203.972	-	2.892	(3.713.869)
Vehicles	(44.063.893)	(5.471.525)	124.789	-	(77.970)	(49.488.599)
Furniture and fixture	(12.061.217)	(1.304.564)	-	-	-	(13.365.781)
Leasehold improvements	(3.174.876)	(703.687)	378.647	-	(92.696)	(3.592.612)
	(775.395.176)	(62.169.372)	4.987.328	-	(391.481)	(832.968.701)
Net Book Value	904.816.223					1.012.490.866

Vehicles with the carrying amount of TL 114.923 at 30 September 2016 were pledged as collateral under a finance lease.

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12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The useful lives of tangible assets are as follows:

	Useful life
Buildings	25 – 50 years
Land improvements	10 – 50 years
Machinery and equipment	4 – 15 years
Vehicles	4 – 10 years
Other tangible assets	4 – 10 years
Furniture and fixtures	3 – 10 years
Leasehold improvements	During rent period

13. INTANGIBLE ASSETS

Movements of intangible assets between 1 January 2017 - 30 September 2017 are as follows:

Cost	1 January 2017	Addition	Disposal	Transfer (Note 12)	Currency translation differences	30 September 2017
Rights	2.826.440	1.204.885	-	-	(72.557)	3.958.768
Development costs	675.004	-	-	-	-	675.004
Other intangible assets	3.031.217	76.332	-	15.635	-	3.123.184
	6.532.661	1.281.217	-	15.635	(72.557)	7.756.956

Accumulated Amortization	1 January 2017	Charge for the Period	Disposal	Transfer	Currency translation differences	30 September 2017
Rights	(2.330.491)	(176.936)	-	-	4.463	(2.502.964)
Development costs	(357.294)	(101.249)	-	-	-	(458.543)
Other intangible assets	(2.104.767)	(298.371)	-	-	-	(2.403.138)
	(4.792.552)	(576.556)	-	-	4.463	(5.364.645)
Net Book Value	1.740.109					2.392.311

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13. INTANGIBLE ASSETS (cont'd)

Movements of intangible assets between 1 January 2016 - 30 September 2016 are as follows:

Cost	1 January 2016	Addition	Disposal	Transfer (Note 12)	Currency translation differences	30 September 2016
Rights	2.613.137	87.395	-	65.036	7.591	2.773.159
Development costs	675.004	-	-	-	-	675.004
Other intangible assets	2.643.614	33.425	(60.901)	-	(43)	2.616.095
	5.931.755	120.820	(60.901)	65.036	7.548	6.064.258

Accumulated Amortization	1 January 2016	Charge for the Period	Disposal	Transfer	Currency translation differences	30 September 2016
Rights	(2.068.201)	(181.549)	-	-	(1.832)	(2.251.582)
Development costs	(222.292)	(101.251)	-	-	-	(323.543)
Other intangible assets	(1.694.908)	(382.540)	54.000	-	2	(2.023.446)
	(3.985.401)	(665.340)	54.000	-	(1.830)	(4.598.571)

Net Book Value	1.946.354					1.465.687
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The intangible assets are amortized on a straight-line basis over their estimated useful lives.

	<u>Useful life</u>
Rights	2 – 15 years
Development costs	5 years
Other intangible assets	2 – 12 years

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14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Guarantees given

(Foreign currency amounts are shown in original currencies.)

	30 September 2017			31 December 2016		
	TL	USD	EUR	TL	USD	EUR
A) CPM's given in the name of own legal personality	191.318.859	-	-	70.285.091	-	50.000
B) CPM's given on behalf of the fully consolidated companies	1.326.000	-	6.922.171	1.916.000	-	5.622.171
C) CPM's given on behalf of third parties for ordinary course of business (*)	-	-	115.000.000	-	-	75.000.000
D) Total amount of other CPM's given	-	-	-	-	80.000.000	-
i. Total amount of CPM's given on behalf of the majority shareholder (**)	-	-	-	-	80.000.000	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-
Total	192.644.859	-	121.922.171	72.201.091	80.000.000	80.672.171

(*) The guarantee given for raw material supplier of the Group for raw material purchases.

(**) The ratio of other CPMs to the Group's equity as of 30 September 2017 is zero (31 December 2016: 17.5%).

15. REVENUE AND COST OF SALES

The detail of the operational income is as follow:

	1 January- 30 September 2017	1 July- 30 September 2017	1 January- 30 September 2016	1 July- 30 September 2016
Domestic sales	3.770.375.398	1.195.535.394	3.165.772.623	961.892.783
Export sales	604.158.728	141.882.504	551.611.325	134.549.328
Sales returns and discounts (-)	(1.016.334.948)	(324.876.222)	(837.474.139)	(254.415.556)
Revenue (net)	3.358.199.178	1.012.541.676	2.879.909.809	842.026.555
Cost of goods sold (-)	(2.345.247.647)	(713.381.380)	(2.005.054.237)	(570.114.889)
Cost of trade goods sold (-)	(209.013.230)	(65.479.455)	(197.360.773)	(92.823.242)
Cost of Sales	(2.554.260.877)	(778.860.835)	(2.202.415.010)	(662.938.131)
Gross Profit	803.938.301	233.680.841	677.494.799	179.088.424

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16. EXPENSES BY NATURE

The detail of operating expenses is as follows:

	1 January- 30 September 2017	1 July- 30 September 2017	1 January 30 September 2016	1 July- 30 September 2016
General Administration Expenses				
Personnel expenses	(46.125.940)	(15.388.025)	(38.115.855)	(10.048.535)
Operating expenses (*)	(25.680.511)	(7.401.056)	(30.365.644)	(9.324.350)
Depreciation and amortization expenses	(5.861.492)	(1.942.863)	(4.194.696)	(1.621.580)
Consultancy expenses	(5.483.984)	(2.714.268)	(5.161.265)	(1.917.597)
Other	(12.827.797)	(4.650.672)	(11.429.520)	(3.190.343)
	(95.979.724)	(32.096.884)	(89.266.980)	(26.102.405)
Marketing Expenses				
Marketing operating expenses	(230.368.290)	(64.241.739)	(190.604.984)	(45.527.886)
Personnel expenses	(55.412.087)	(16.705.743)	(42.229.918)	(11.769.812)
Rent expenses	(4.881.111)	(2.229.295)	(3.378.420)	(1.773.578)
Depreciation and amortization expenses	(1.664.182)	(537.976)	(1.234.652)	(433.210)
Other	(15.111.208)	(4.196.493)	(14.002.143)	(4.648.489)
	(307.436.878)	(87.911.246)	(251.450.117)	(64.152.975)
Research Expenses				
Personnel expenses	(5.845.471)	(1.935.431)	(2.638.030)	(723.887)
Materials used	(1.039.757)	(230.590)	(1.373.626)	(277.400)
Depreciation and amortization expenses	(266.470)	(90.592)	(225.022)	(72.955)
Other	(2.372.904)	(931.972)	(1.435.586)	(313.002)
	(9.524.602)	(3.188.585)	(5.672.264)	(1.387.244)

(*) The operating expenses of the Group mainly comprise management support, information technology and administration expenses that are charged by Yıldız Holding A.Ş.

17. FINANCIAL INCOME

	1 January-30 September 2017	1 July- 30 September 2017	1 January- 30 September 2016	1 July- 30 September 2016
Foreign exchange gain	14.610.243	3.273.706	130.470.071	28.473.366
Income from derivative instruments	6.909.007	-	-	-
Other	1.193.784	431.292	3.176.474	856.449
	22.713.034	3.704.998	133.646.545	29.329.815

18. FINANCIAL EXPENSES

	1 January-30 September 2017	1 July- 30 September 2017	1 January- 30 September 2016	1 July- 30 September 2016
Foreign exchange losses	(209.901.816)	(106.466.069)	(211.457.072)	(104.716.554)
Interest expenses	(135.801.341)	(60.128.931)	(56.109.428)	(14.488.287)
Loss from derivative instruments	(1.826.031)	(379.250)	-	-
Other	(11.146.118)	(4.210.088)	(4.834.998)	(1.595.311)
	(358.675.306)	(171.184.338)	(272.401.498)	(120.800.152)

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19. TAX ASSETS AND LIABILITIES

The Group accounts deferred tax assets and liabilities for temporary timing differences rooted from differences between legal financial statements and financial statements prepared in accordance with IFRS. The differences in question are caused generally by the fact that some profit and loss accounts come up in different periods in legal financial statements and financial statements prepared in accordance with IFRS. Aforementioned differences are specified below.

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, deferred tax positions of the firms with deferred tax assets is netted against those with deferred tax liabilities and reflected on a separate-entity basis.

The rate applied in the calculation of deferred tax assets and liabilities for entities in Turkey, Saudi Arabia and Kazakhstan is 20% (2016: 20%), for entity in Egypt 25% (2016: 25%) and for entity in Kyrgyzstan is 10% (2016: 10%).

Deferred tax bases:

	30 September 2017	31 December 2016	31 December 2015	30 September 2017	31 December 2016	31 December 2015
Indexation and useful life differences of tangible and intangible assets	-	-	-	207.992.305	196.250.875	168.369.511
Investment properties valuation differences	-	-	-	13.172.080	13.036.359	11.284.955
Financial investments valuation differences	-	-	-	747.782.120	732.877.901	569.361.288
Derivative instruments	(12.108.781)	-	-	-	-	-
Profit margin elimination on inventories	(1.316.100)	(3.531.800)	(3.139.435)	-	-	-
Discount of trade receivables / payables (net)	-	-	(1.773.475)	6.181.820	1.319.445	-
Allowance of employee termination benefits	(70.160.657)	(62.985.130)	(29.412.870)	-	-	-
Provision of doubtful receivables	(1.110.666)	(1.324.187)	(953.210)	-	-	-
Carry forward tax losses	(50.811.998)	(51.250.558)	(52.213.102)	-	-	-
Provision for lawsuits	(5.924.510)	(5.547.396)	(4.312.538)	-	-	-
Impairment on inventories	(7.866.996)	(7.018.553)	(5.312.140)	-	-	-
Performance premium provision	(3.226.730)	-	-	-	-	-
Provision for unused vacation	(12.244.873)	(11.882.574)	(10.024.015)	-	-	-
Other	(41.664.324)	(13.012.990)	(18.660.444)	17.236.567	4.105.474	14.216.628
	(206.435.635)	(156.553.188)	(125.801.229)	992.364.892	947.590.054	763.232.382

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19. TAX ASSETS AND LIABILITIES (cont'd)

Deferred tax (assets) / liabilities:

	30 September 2017	31 December 2016	31 December 2015	30 September 2017	31 December 2016	31 December 2015
Indexation and useful life differences of tangible and intangible assets	-	-	-	41.598.461	39.250.175	33.673.902
Investment properties valuation differences	-	-	-	658.604	651.818	564.248
Financial investments valuation differences	-	-	-	37.389.106	36.643.895	28.468.064
Derivative instruments	(2.421.756)	-	-	-	-	-
Profit margin elimination on inventories	(263.220)	(706.360)	(627.887)	-	-	-
Discount of trade receivables/payables (net)	-	-	(354.695)	1.236.364	263.889	-
Allowance of employee termination benefits	(14.032.131)	(12.597.026)	(5.882.574)	-	-	-
Provision of doubtful receivables	(222.133)	(264.837)	(190.642)	-	-	-
Carry forward tax losses	(10.162.400)	(10.250.112)	(10.442.620)	-	-	-
Provision for lawsuits	(1.184.902)	(1.109.479)	(862.508)	-	-	-
Impairment on inventories	(1.573.399)	(1.403.711)	(1.062.428)	-	-	-
Performance Premium provision	(645.346)	-	-	-	-	-
Investment allowance	(45.425.454)	(44.285.820)	(32.736.325)	-	-	-
Provision for unused vacation	(2.448.975)	(2.376.515)	(2.004.803)	-	-	-
Other	(8.332.865)	(2.602.598)	(3.732.089)	3.447.313	821.095	2.843.326
	<u>(86.712.581)</u>	<u>(75.596.458)</u>	<u>(57.896.571)</u>	<u>84.329.848</u>	<u>77.630.872</u>	<u>65.549.540</u>

Movement of Deferred Tax Liabilities:

	1 January - 30 September 2017	1 July - 30 September 2017
Opening balance	2.034.414	7.652.969
Taxes netted against funds recognised under equity	344.764	(208.856)
Currency translation differences	(128.635)	(391.697)
Deferred tax (expense)/income	(4.633.276)	4.022.400
	<u>(2.382.733)</u>	<u>11.074.816</u>

As of 30 September 2017, the Group calculated deferred tax assets of TL 50.811.998 for deductible financial losses in the consolidated financial statements for the current year (31 December 2016: TL 51.250.558, 31 December 2015: TL 52.213.102). The maturities of these losses are as follows:

	30 September 2017	31 December 2016	31 December 2015
2016	-	-	2.258.375
2017	832.325	832.325	47.312
2018	-	-	-
2019	-	-	-
2025	49.979.673	50.418.233	49.907.415
Total	<u>50.811.998</u>	<u>51.250.558</u>	<u>52.213.102</u>

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19. TAX ASSETS AND LIABILITIES (cont'd)

Corporate tax

The Company and its Turkish subsidiaries are subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 30 September 2017 is 20% (2016: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2017 (2016: 20%).

Losses are allowed to be carried five years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the profit occurred in the prior years retroactively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1st -25th of April following the close of the accounting year to which they relate. The companies with special accounting periods, file their tax returns between 1st-25th of fourth month after fiscal year end. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

In Turkey, the tax legislation does not permit to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis..

Until December 2018, Hi Food for Advanced Food Industries, the Group's subsidiary, is exempt from corporate tax earnings gained from operating activities due to tax incentives made within the scope of foreign trade legislation.

The corporation tax rate in Saudi Arabia where Food Manufacturers' Company, a subsidiary of the Group is 20% (2016: 20%).

The corporation tax rate in Kazakhstan where Hamle Company Ltd LLP, a subsidiary of the Group is 20% (2016: 20%).

The corporation tax rate in Kyrgyzstan where Ülker Star LLC, a subsidiary of the Group is 10% (2016: 10%).

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 23 July 2006, this rate has been changed to 15% upon the Council of Ministers' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Provision for taxation as of 30 September 2017 and 31 December 2016 are as follows:

	30 September 2017	31 December 2016
Corporate tax provision in the balance sheet	(58.961.132)	(59.588.634)
Prepaid taxes and funds	36.133.832	44.770.085
Taxation in the balance sheet	(22.827.300)	(14.818.549)
	1 January - 30 September 2017	1 January - 30 September 2016
Current year corporate tax provision	58.961.132	56.813.314
Deferred tax income	(4.633.276)	4.022.400
Taxation in the income statement	54.327.856	60.835.714

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20. EARNINGS PER SHARE

A summary of the Group's weighted average number of shares outstanding as of 30 September 2017 and 2016 and computation of earnings per share set out here as follows:

	1 January - 30 September 2017	1 January - 30 September 2016
Weighted average number of common stock outstanding	34.200.000.000	34.200.000.000
Net profit	246.583.905	234.298.281
Basic Earnings Per Share (TL 1 par value each)	0,72	0,69

21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) The detail of receivables from related parties is as follows:

	30 September 2017	31 December 2016	31 December 2015
Trade receivables	691.455.617	586.367.653	560.216.232
Non-trade receivables	-	4.535.293	807.438.501
	691.455.617	590.902.946	1.367.654.733

The detail of trade and non-trade receivables is as follows:

	30 September 2017		31 December 2016		31 December 2015	
	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade
Principle Shareholder						
Yıldız Holding A.Ş. (*)	-	-	327.442	2.916.656	-	567.533.361
Other Companies Controlled by the Principle Shareholder						
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	379.317.932	-	286.184.297	-	257.572.982	-
Pasifik Tük. Ürün. Satış ve Ticaret A.Ş.	224.567.513	-	209.964.008	-	186.668.812	-
Teközel Gıda T. Sağ. Mrk. Hiz. San. Tic. A.Ş.	27.909.702	-	46.952.482	-	44.551.725	-
Eksper Tüketim Mad. Sat. ve Paz. A.Ş.	20.407.185	-	19.054.792	-	17.859.339	-
United Biscuits (UK) Ltd.	10.949.660	-	9.571.379	-	-	-
Rekor Gıda Paz. San. ve Tic. A.Ş.	-	-	-	-	41.768.628	-
Misbis Gıda San. Tic. A.Ş.	2.373.034	-	1.990.685	1.618.637	3.608.941	7.297.899
Natura Gıda San. ve Tic. A.Ş.	368.181	-	1.439.452	-	427.371	-
Önem Gıda San. ve Tic. A.Ş.	115.492	-	103.743	-	363.154	-
Besler Gıda ve Kimya San. ve Tic. A.Ş. (*)	236	-	8.863	-	-	232.607.241
Other	25.446.682	-	10.770.510	-	7.395.280	-
	691.455.617	-	586.367.653	4.535.293	560.216.232	807.438.501

(*) Non-trade receivables as of 31 December 2016 and 2015 consist of receivables of subsidiaries stem from effect of business combinations under common control realised in 2016.

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21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (cont'd)

The Group's trade receivables from related parties mainly arise from sales to Horizon Hızlı Tüketim Ürünleri Pazarlama Satış ve Tic. A.Ş. and Pasifik Tük. Ürün. Satış ve Ticaret A.Ş. those make the sale and distribution of products throughout Turkey.

b) The detail of advances given to related parties is as follow:

	30 September 2017	31 December 2016	31 December 2015
Önem Gıda San. ve Tic. A.Ş.	122.217.736	78.046.637	116.813.193
	122.217.736	78.046.637	116.813.193

c) The detail of payables to related parties is as follows:

	30 September 2017	31 December 2016	31 December 2015
Trade payables	292.929.663	341.344.634	315.390.068
Non-trade payables	-	-	86.239.625
	292.929.663	341.344.634	401.629.693

The detail of payables to related parties is as follows:

	30 September 2017		31 December 2016		31 December 2015	
	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade
Principle Shareholder						
Yıldız Holding A.Ş.	24.249.643	-	12.885.684	-	25.147.433	-
Other Companies Controlled by the Principle Shareholder						
Önem Gıda San. ve Tic. A.Ş.	186.406.157	-	226.851.675	-	201.725.772	-
Besler Gıda ve Kimya San. Tic. A.Ş.	47.340.669	-	56.674.647	-	42.355.406	-
Marsa Yağ San. ve Tic. A.Ş.	13.980.958	-	15.411.320	-	15.197.181	-
CCC Gıda San. ve Tic. A.Ş.	2.998.345	-	10.409.333	-	10.295.813	-
Maia International B.V.	73.925	-	65.417	-	-	86.199.000
Northstar Innovation A.Ş.	419.892	-	927.435	-	1.774.659	-
Other	17.460.074	-	18.119.123	-	18.893.804	40.625
	292.929.663	-	341.344.634	-	315.390.068	86.239.625

The detail of due to related parties as loan payable is as follows:

	30 September 2017	31 December 2016	31 December 2015
Yıldız Holding A.Ş.	28.700.538	30.629.376	-
	28.700.538	30.629.376	-

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21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (cont'd)

d) The detail of purchases from and sales to related parties is as follows:

	1 January - 30 September 2017		1 July - 30 September 2017		1 January - 30 September 2016		1 July - 30 September 2016	
	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales
<i>Other Companies Controlled by the Principle Shareholder</i>								
Önem Gıda San. ve Tic. A.Ş.	814.470.987	-	198.390.377	-	772.022.261	190.663	238.827.100	-
Besler Gıda ve Kimya San. ve Tic. A.Ş.	132.817.456	12.722	10.194.284	12.722	122.367.424	80.160	37.064.917	-
Marsa Yağ San. ve Tic. A.Ş.	44.000.204	85.960	12.292.810	3.838	39.243.369	352.228	11.564.494	119.681
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	1.543.940	1.449.084.627	756.665	464.431.776	1.179.607	1.246.949.969	984.483	388.197.485
Pendik Nişasta San. A.Ş.	32.599.189	-	6.358.296	-	34.353.834	-	10.563.627	-
CCC Gıda San. ve Tic. A.Ş.	15.154.787	-	3.583.101	-	17.819.389	86.614	6.144.718	25.942
Teközel Gıda Tem. Sağ. Mark. Hizm. A.Ş.	16.531	75.764.210	753	24.199.144	85.360	109.070.096	79	26.875.925
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	220.583	745.077.320	74.823	235.414.298	32.000	620.578.808	32.000	189.969.456
Other	23.799.086	217.475.958	12.617.506	67.650.464	49.583.529	157.875.903	1.107.588	41.364.646
	1.064.622.763	2.487.500.797	244.268.615	791.712.242	1.036.686.773	2.135.184.441	306.289.006	646.553.135

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21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (cont'd)

e) The detail of income and expenses pertaining to interest, rent and services arising from transactions with related parties is as follows

For the nine month period ended on 30 September 2017:

	Rent Income	Rent Expense	Service Income	Service Expense	Interest Income Foreign Exchange Gain	Interest Income Foreign Exchange Losses
Principle Shareholder						
Yıldız Holding A.Ş.	50.278	(8.548)	1.106.736	(96.359.192)	223.326.497	(55.057.162)
Other Companies Controlled by the Principle Shareholder						
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	217.968	-	272.624	(315.081)
Hüner Pazarlama San. ve Tic. A.Ş.	228.142	(3.277)	199.003	(257.140)	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	13.922	-	107.879	(8.009.640)	-	-
Önem Gıda San. ve Tic. A.Ş.	858.521	-	4.454.887	(30.302.665)	3.008.743	(1.486.433)
Marsa Yağ San. ve Tic. A.Ş.	5.835	-	29.098	(54.196)	34.781	(154.424)
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	124.141	-	48.631	(5.831.439)	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	24.723	(1.094.977)	9.695	(694.435)	-	-
United Biscuits (UK) Ltd.	19.101	(667.993)	115	(662.017)	1.494.573	(1.845.067)
Other	20.490	(128.796)	1.326.388	(2.404.215)	5.198.345	(2.429.880)
	1.345.153	(1.903.591)	7.500.400	(144.574.939)	233.335.563	(61.288.047)

For the three month period between July-September 2017:

	Rent Income	Rent Expense	Service Income	Service Expense	Income and Foreign Exchange Gain	Income and Foreign Exchange Losses
Principle Shareholder						
Yıldız Holding A.Ş.	16.760	(6.788)	206.458	(31.474.308)	76.499.043	(16.545.085)
Other Companies Controlled by the Principle Shareholder						
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	48.226	-	4.927	(30.170)
Hüner Pazarlama San. ve Tic. A.Ş.	-	-	23.803	(128.481)	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	4.843	-	50.416	(3.144.250)	-	-
Önem Gıda San. ve Tic. A.Ş.	186.325	-	2.536.482	(9.258.044)	844.868	(333.647)
Marsa Yağ San. ve Tic. A.Ş.	1.968	-	-	(54.196)	-	-
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	33.385	-	13.588	(1.749.373)	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	8.241	(385.397)	2.773	(277.316)	-	-
United Biscuits (UK) Ltd.	-	(667.993)	-	(271.747)	169.738	(38.949)
Other	14.266	(43.910)	730.607	(2.194.069)	2.172.997	(343.231)
	265.788	(1.104.088)	3.612.353	(48.551.784)	79.691.573	(17.291.082)

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21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (cont'd)

e) The details of income and expenses pertaining to interest, rent and services arising from transactions with related parties are as follows::

For the nine-month period ended on 30 September 2016;

	Rent Income	Rent Expense	Service Income	Service Expense	Interest Income and Foreign Exchange Gain	Interest Income and Foreign Exchange Losses
Principle Shareholder						
Yıldız Holding A.Ş.	44.592	(948)	29.775	(81.483.423)	207.987.882	(80.940.219)
Other Companies Controlled by the Principle Shareholder						
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	43.675	(400.554)	5.053.070	(6.374.399)
Hüner Pazarlama San. ve Tic. A.Ş.	501.790	-	253.724	(78.009)	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	42.056	(111.703)	731.287	(7.536.486)	-	-
Önem Gıda San. ve Tic. A.Ş.	1.200.212	(16.273)	2.838.989	(25.128.866)	174.672	(2.422.147)
Marsa Yağ San. ve Tic. A.Ş.	5.253	-	31.300	-	125.733	(143.740)
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	119.722	-	48.752	(1.478.471)	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	22.464	(896.107)	9.383	(453.503)	-	-
Rekor Gıda Paz. San. ve Tic. A.Ş.	14.111	-	-	(34.933)	-	-
United Biscuits (UK) Ltd.	-	-	575.277	(149.509)	255.986	(74.151)
Other	11.548	(249.398)	744.855	(862.711)	4.502.536	(1.076.176)
	1.961.748	(1.274.429)	5.306.977	(117.606.465)	218.099.879	(91.030.832)

For the three-month period between July-September 2016:

	Rent Income	Rent Expense	Service Income	Service Expense	Foreign Exchange Gain	Foreign Exchange Losses
Principle Shareholder						
Yıldız Holding A.Ş.	14.864	-	16.080	(23.184.158)	94.511.414	(4.023.612)
Other Companies Controlled by the Principle Shareholder						
Besler Gıda ve Kimya San. ve Tic. A.Ş.	-	-	9.454	-	103.981	(161.235)
Hüner Pazarlama San. ve Tic. A.Ş.	164.398	-	-	(54.305)	-	-
Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.	3.840	(28.032)	83.965	(806.559)	-	-
Önem Gıda San. ve Tic. A.Ş.	571.277	(3.654)	1.481.328	(7.793.415)	6.900	(1.254.743)
Marsa Yağ San. ve Tic. A.Ş.	1.765	-	11.214	-	-	(117.313)
Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.	40.841	-	4.586	(114.876)	-	-
İzsal Gayrimenkul Geliştirme A.Ş.	7.488	(296.249)	5.649	(153.713)	-	-
İstanbul Gıda Dış Tic. A.Ş.	-	-	-	-	-	-
Rekor Gıda Paz. San. ve Tic. A.Ş.	-	-	-	(5.019)	-	-
United Biscuits (UK) Ltd.	-	-	6.631	(149.509)	255.986	-
Other	3.084	(39.503)	99.089	(215.194)	3.085.023	(183.341)
	807.557	(367.438)	1.717.996	(32.476.748)	97.963.304	(5.740.244)

f) Benefits provided to members of BOD and key management personnel:

	30 September 2017	30 September 2016
Fees and other short term benefits	14.143.799	12.067.449
	14.143.799	12.067.449

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22. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENT

Foreign currency risk management

As of balance sheet date, the foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

	30 September 2017					
	TL Equivalent	USD	EUR	GBP	CHF	DKK
1. Trade Receivables	128.409.650	26.105.691	7.704.314	711.921	-	-
2a. Monetary Financial Assets	3.278.243.197	447.472.549	402.153.027	574.027	15.087	16.231
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other	7.675.089	1.535.152	520.402	1.335	9.309	-
4. CURRENT ASSETS	3.414.327.936	475.113.392	410.377.743	1.287.283	24.396	16.231
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	95.988	27.023	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. NON-CURRENT ASSETS	95.988	27.023	-	-	-	-
9. TOTAL ASSETS	3.414.423.924	475.140.415	410.377.743	1.287.283	24.396	16.231
10. Trade Payables	108.221.329	18.541.794	9.594.509	392.207	74.705	-
11. Financial Liabilities	2.356.589.838	379.653.295	240.440.647	-	-	-
12a. Other Monetary Financial Liabilities	1.211	-	-	255	-	-
12b. Other Non-monetary Financial Liabilities	12.712.790	2.561.844	291.542	503.518	-	-
13. CURRENT LIABILITIES	2.477.525.168	400.756.933	250.326.698	895.980	74.705	-
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	1.446.862.924	132.908.561	232.506.064	-	-	-
16a. Other Monetary Financial Liabilities	10.704.662	3.013.615	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-	-
17. NON-CURRENT LIABILITIES	1.457.567.586	135.922.176	232.506.064	-	-	-
18. TOTAL LIABILITIES	3.935.092.754	536.679.109	482.832.762	895.980	74.705	-
19. Net Assets of Off Statement of Financial Position (19a-19b)	537.815.600	128.011.801	19.822.746	-	-	-
19a. Net Assets of Off Statement of Financial Position	-	-	-	-	-	-
19b. Net Liabilities of Off Statement of Financial Position	(537.815.600)	(128.011.801)	(19.822.746)	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	17.146.770	66.473.107	(52.632.273)	391.303	(50.309)	16.231
21. Monetary Items Net Foreign Currency / Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(515.631.129)	(60.512.002)	(72.683.879)	893.486	(59.618)	16.231
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	(12.108.782)	(4.638.671)	1.041.943	-	-	-

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22. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENT (cont'd)

Foreign currency risk management (cont'd)

	31 December 2016					
	TL Equivalent	USD	EUR	GBP	CHF	DKK
1. Trade Receivables	134.359.166	23.643.509	12.914.995	750.096	-	-
2a. Monetary Financial Assets	1.785.253.752	315.132.258	181.849.022	344.041	28.550	28.857
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other	3.297.187	610.393	309.420	272	-	-
4. CURRENT ASSETS	1.922.910.105	339.386.160	195.073.437	1.094.409	28.550	28.857
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	95.596	27.164	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	11.344.023	1.113.078	1.984.440	-	18.809	-
8. NON-CURRENT ASSETS	11.439.619	1.140.242	1.984.440	-	18.809	-
9. TOTAL ASSETS	1.934.349.724	340.526.402	197.057.877	1.094.409	47.359	28.857
10. Trade Payables	129.886.622	25.778.186	10.227.995	272.198	13.814	-
11. Financial Liabilities	2.332.245.484	432.701.268	218.195.418	-	-	-
12a. Other Monetary Financial Liabilities	8.092.785	755.756	610.766	733.346	-	-
12b. Other Non-monetary Financial Liabilities	16.035.548	3.730.275	782.109	1.486	-	-
13. CURRENT LIABILITIES	2.486.260.439	462.965.485	229.816.288	1.007.030	13.814	-
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	276.724.270	2.267.135	72.440.165	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-	-
16b. Other Non-monetary Financial Liabilities	-	-	-	-	-	-
17. NON-CURRENT LIABILITIES	276.724.270	2.267.135	72.440.165	-	-	-
18. TOTAL LIABILITIES	2.762.984.709	465.232.620	302.256.453	1.007.030	13.814	-
19. Net Assets of Off Statement of Financial Position (19a-19b)	-	-	-	-	-	-
19a. Net Assets of Off Statement of Financial Position	-	-	-	-	-	-
19b. Net Liabilities of Off Statement of Financial Position	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(828.634.985)	(124.706.218)	(105.198.576)	87.379	33.545	28.857
21. Monetary Items Net Foreign Currency Asset / (Liability) Position						
(1+2a+5+6a-10-11-12a-14-15-16a)	(827.240.647)	(122.699.414)	(106.710.327)	88.593	14.736	28.857
22. Total Fair Value of Financial Instruments Used to Hedge the Foreign Currency Position	-	-	-	-	-	-
23. Total value of Hedged Foreign Currency Assets	-	-	-	-	-	-
24. Total value of Hedged Foreign Currency Liabilities	-	-	-	-	-	-

The Group's export and import balances for nine-month period are presented below:

	1 January – 30 September 2017	1 January – 30 September 2016
Total exports	604.158.728	551.611.325
Total imports	269.494.779	205.677.694

22. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENT (cont'd)

Foreign currency risk sensitivity

The Group is exposed to foreign exchange risk arising primarily from USD and EUR .In the table below, the foreign currency sensitivity of the Company arising from 10% change in US dollar and EUR rates. The rate used as 10% is a fair benchmark for the Company as it is limited to capital commitment threshold. This rate is the anticipated rate change of the Company's senior management. Sensitivity analysis includes only the monetary items in foreign currency at year end and shows the effect of 10% increase in USD and in EUR foreign currency rates. Negative value implies the effect of 10% increase in USD and in EUR foreign currency rates against TL on the decrease in the net profit.

	30 September 2017		30 September 2016	
	Income / Expense		Income / Expense	
	Appreciation of foreign currency	Depreciation of foreign Currency	Appreciation of foreign currency	Depreciation of foreign Currency
In case of 10% appreciation of USD against TL				
1 - US Dollar net asset / liability	23.976.604	(23.976.604)	3.942.829	(3.942.829)
2- Part of hedged from US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1 +2)	23.976.604	(23.976.604)	3.942.829	(3.942.829)
In case of 10% appreciation of EUR against TL				
4 - Euro net asset / liability	(22.161.501)	22.161.501	(58.370.656)	58.370.656
5 - Part of hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	(22.161.501)	22.161.501	(58.370.656)	58.370.656
Total (3 + 6)	1.815.103	(1.815.103)	(54.427.827)	54.427.827

23. FINANCIAL INSTRUMENTS

Fair Value of Financial Assets

Fair value measurements by level of the following fair value measurement hierarchy is as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED FINANCIAL STATEMENTS
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ÜLKER BİSKÜVİ SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 SEPTEMBER 2017

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

23. FINANCIAL INSTRUMENTS (cont'd)

Fair Value of Financial Assets (cont'd)

The classification of the Company's financial assets and liabilities at fair value is as follows:

	30 September 2017	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at fair value through profit and loss				
- Shares	648.926	648.926	-	-
Financial assets at fair value through comprehensive income statement				
- Shares (*)	943.610.388	44.371.501	899.238.887	-
Total	944.259.314	45.020.427	899.238.887	-

(*) As of 30 September 2017, the Group management has evaluated the difference between fair value calculated by independent valuation firm and fair value of financial instruments that do not have active market as insignificant for consolidated financial statements..

	30 September 2017	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial liabilities				
Financial assets at fair value through comprehensive income statement				
- Derivative financial instruments	12.108.781	-	12.108.781	-
Total	12.108.781	-	12.108.781	-

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23. FINANCIAL INSTRUMENTS (cont'd)

Fair Value of Financial Assets (cont'd)

	31 December 2016	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at fair value through profit and loss				
- Shares	754.935	754.935	-	-
Financial assets at fair value through comprehensive income statement				
- Shares	928.600.177	29.361.290	899.238.887	-
Total	929.355.112	30.116.225	899.238.887	-

	31 December 2015	Fair value hierarchy as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial assets				
Financial assets at fair value through profit and loss				
- Shares	704.437	704.437	-	-
Financial assets at fair value through comprehensive income statement				
- Shares	765.134.066	30.649.592	734.484.474	-
Total	765.838.503	31.354.029	734.484.474	-

24. EVENTS AFTER THE BALANCE SHEET DATE

None.